

Personnel administration ✓

PERSONNEL RELATIONS IN CYANAMID

Where do we stand?

Where are we headed?

Remarks presented at
Personnel relations
meeting, January 31, 1956,
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Remarks by

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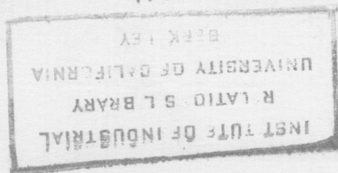
Vice President - Personnel

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I am pleased to note that a large percentage of the registrants for this meeting are *line managers* . . . they who are directly responsible for operating various segments of the Company's business. This is as it should be . . . for Personnel Relations is the *manager's job*.

If you are a manager, you get your results through organizing and directing the activities of the people in your group . . . you don't direct *things*! The direction of people is not something tacked on to your job . . . it *is* your job. And the direction of people is Personnel Relations. Your every act as a manager influences the quality of our personnel relations in Cyanamid.

What I'm saying here is that Personnel Relations is more than a series of programs covering such things as salary administration, labor relations, personnel development, benefit plans, selection and placement, and so on. We could have all those things and still not have good relations with our employees. As I see it, Personnel Relations is the way we organize the work and direct the efforts and enthusiasm of our people . . . the

sum total of the thousands of day-by-day contacts between our managers (or supervisors) and their employees.

It should come as no surprise, then, when I say that Personnel Relations in Cyanamid is *not* the responsibility of the Personnel Relations Department. The full and final responsibility rests with *line management* . . . at all levels and at all locations.

Policies determining the broad framework in which these responsibilities are carried out rest with Mr. Towe, with such assistance from the General Staff as he may request. But the job of carrying them out remains with Division Managers and their line organizations.

If line managers are responsible for personnel relations, what then is the function of our Personnel Relations Department? It has strictly a "staff" role . . . and is limited to the providing of counsel, service, advice and education. The staff members have the responsibility of keeping the Company ahead in personnel matters through such activities as teaching, bringing in outside information, transplanting information within the Company, providing certain central services to the operating managers and generally acting as catalysts to stimulate activity.

The staff members of this department are responsible for the *quality* of their counsel and service. But they do *not* have authority to issue orders to the operating people, and their "services" are distinctly limited to those which *do not infringe on line authority*.

Now, where do we stand and where

are we heading? In the past eight months, since being given Personnel as an assignment, I have done a lot of listening . . . to Division Managers, Department Heads, Plant Managers and many others throughout the Company. I think I am beginning to have the "feel" of the way personnel relations are going in Cyanamid.

As you might expect, in some areas we are doing an outstanding job; in others, we need to make substantial gains. And, of course, in all our personnel functions we have the continuing challenge of contributing to Cyanamid's future corporate growth . . . in size, character, and earning power.

I can't escape the very good feeling that we have come a long way in personnel matters. I have seen much evidence that the basic attitudes of our management group reflect a sound philosophy of human relations . . . a profound respect for the dignity of individuals. We have a firm foundation on which to base our future progress.

However, we have a long way to go and we must get on with the job. This meeting is intended as the kickoff and I don't plan to start by talking in vague generalities. I would like to discuss several of the major areas in the personnel field where, I feel, there exists a pressing need for specific action. And in each area I will give you my thoughts on some really practical goals we must shoot for during the coming year.

Please remember that these are not goals for *personnel people*. They concern *management* problems in the field of personnel, and *line managers* through-

out the Company will be responsible for reaching them . . . with such staff assistance from our personnel groups as may be required.

■ PERSONNEL POLICIES

First, the area of personnel policies. We have an important job to do in clarifying our Company-wide personnel policies, getting them into written form and communicating them throughout the Company.

In the past eight months, many of the personnel questions that have come to me could easily have been decided by the local manager if he had been aware of Company policy on the matter. It seems certain that a great amount of managerial time has been wasted through the lack of written, well-communicated personnel policies.

As those various questions have been coming up, I have learned that we *do* have clearly-defined policies on *some* personnel subjects. On other subjects, we have largely a collection of precedents and practices . . . with quite wide variations in the way they are applied.

But even where we have established definite policies it is not always easy to find them. Some are covered in General Orders or Circulars, some are outlined in various memoranda from the Budget Committee or the Pension Committee or some other committee or individual. It is true that some divisions, some plants and some offices have issued fairly complete manuals of their respective personnel policies. But as far as I have been able to find out, there is no such collection of Company-wide policies in existence.

Now, in our various discussions, you line managers have made it unmistakably clear that you *want* and *need* definite statements of personnel policy, *in writing*. If you are to be responsible for making decisions within the framework of overall Company policies, you must know what those policies are.

Therefore, as you heard this morning, we are establishing a Personnel Research group in our central staff. It's first major task will be to see that our Company-wide personnel policies are written down and communicated to managers. On those subjects where we do not have an established policy, we'll have to get to work and develop one.

I would like to make it perfectly clear that our Personnel Relations staff *will not establish policy*. Its task is to dig out the facts, draft proposals, make sure that the final draft represents the best thinking of operating and staff managers, communicate approved policies and aid line management in their interpretation. Only the President, with such assistance as he may request of the General Staff, can establish Company-wide personnel policies.

How long will this job take? From the experience of other companies who have gone through this stage, we understand that it usually takes two or three years for a reasonably complete set of personnel policies to be developed and issued. I am hopeful that we can accelerate that pace. At any rate, within a year we should have many of the most important policies published, and I hope, well understood.

■ PERSONNEL DEVELOPMENT

Second, I think we must give increasingly greater emphasis throughout the Company to the *development of men*. We have chosen to call this "Personnel" Development rather than "Executive" or "Management" Development, because we feel that development activities should include employees in all categories . . . not just those in executive or managerial positions.

The larger we grow, the more complex and diversified we become, the more maturity we develop . . . the greater becomes our need for well-trained people who understand the business of the Company and have the vision and vigor to carry it forward. And the longer we look at this need, the more apparent it becomes that the best way to obtain such people is to develop them within our own organization.

As many of you know, we have come quite a distance in our efforts to encourage the development of personnel. Some four years ago Mr. Powers initiated a program in the manufacturing locations which, with some additions and modifications, has been extended into every division and function of the Company. Its effects are visible in the increased awareness which exists throughout management of the importance of developing men.

Now, *who is responsible for developing men in Cyanamid?* The answer is, "You are!" And so is everyone in the Company who is responsible for the work of others. It is an important part of your daily job . . . and it is not a task that can be passed off to others

or turned over to a staff department.

The responsibility for the development of men is yours, individually. Our staff groups can devise some "tools" and give you other assistance . . . *but the job is yours.*

How can we improve our ability to develop men? All research on the subject points to a dual responsibility: The individual must supply the interest, the effort, the sweat; the Company must maintain an encouraging environment, a challenging job or a series of them, and must offer continuing counsel and guidance. Let's look at these a little more closely.

First, the primary responsibility for development rests with the individual himself. Nobody is going to *order* a man to develop his potentialities. Whether a man lags behind or moves ahead in his field is a matter of his own personal application. It takes time, work, and sacrifice . . . and the power to provide these can come only from within the man himself. No one can do it *for* him.

Let's look now at the three major things the Company must supply. First an environment which encourages employees to accept responsibility and develop themselves. Mr. Towe stressed this in his speech before the New York Society of Security Analysts last month, when he said: ". . . it had become urgently desirable, in my opinion, to create or develop an atmosphere in which executive talent could be developed and would be given an opportunity to demonstrate or forecast its potential."

Second, men must be given a *challenging job*, or a series of them. To create a challenging job requires good organization planning. We must continue our efforts toward decentralization and keep pushing responsibilities outward and downward so that our men will have decision-making responsibilities and relatively independent commands at lower levels and at earlier ages. Responsibility is the best development tool known. It takes confidence in people and a willingness to let them make mistakes, but it will produce men who can run the Company in the future.

Third, men must have continuing counsel and guidance. This implies that we must appraise our people regularly and that we must not be reluctant to discuss with them the results of these appraisals.

These three points are an obvious over-simplification of a very complex subject . . . the development of men. Actually, development methods include the entire gamut of Company functions, but if we can make some strides in these three areas we will have made considerable progress. And, progress is absolutely essential . . . for the success of Cyanamid in the future will be entirely determined by the quality and performance of the men who are coming along to operate it. *Our greatest challenge for long-range planning is the development of men.*

Now, just a word about "selection" of personnel . . . which is another major factor in our long-range growth. The proverbial observation that "you can't make a silk purse out of a sow's ear" applies, of course, in personnel de-

velopment. Development cannot occur where there is no material to be developed, and this points up our need for utilizing the most reliable selection techniques available in the initial employment of new personnel. This is the "seed" of personnel development. But, as any farmer will tell you, even with good seed you can't produce a good crop without a great deal of attention to watering, weeding, cultivating and fertilizing. And, furthermore, you can't expect to have a productive farm unless you rotate your crops. Personnel development is concerned figuratively with all these things . . . watering, weeding, cultivating, fertilizing and crop rotation.

■ PERSONNEL PLACEMENT

Next: the subject of *Personnel Placement*. We cannot expect to develop broad, experienced men unless they are given broad experience. For that reason we must implement our policy of Company-wide opportunity for managerial and professional employees.

Mr. Towe enunciated this policy very clearly four years ago when he listed four goals for our management development activities. One of them was: "To assure our key personnel that their opportunity for growth is Company-wide; that they will be considered for vacancies which may arise in other divisions or functions as well as their own." And he has set an unwavering example in the key appointments he has made.

This means that employees must be able to look to all of Cyanamid for growth opportunities, rather than just to one plant or one division or one de-

partment or one function. Where a man happens to be at the moment should not limit his opportunity for growth in the Company as a whole.

Obviously, no manager *likes* to lose a key man to another department. And it seems natural that there will always be competition between divisions and departments for the best available skills. But, in the end, the Company-wide interest must be controlling. *We must achieve this free and voluntary movement of men throughout the Company or we will never achieve our maximum potential. The reluctance to release good men for expanding opportunities is an immaturity that we must overcome.*

How, then, can we make this Company-wide placement program effective?

There are two parts to the process:

1. Finding the right people for jobs that open up anywhere in the Company.
2. Finding jobs for our people who become available for transfer.

The need to find jobs for people stems from at least four different circumstances:

First: The placement of people whose jobs have fallen out from under them. This is bound to occur from time to time in any large organization. We may sell a plant, or discontinue a line of products, or close an office or consolidate two departments. Any of these actions may result in freeing some valuable employees who should be relocated within the Company.

Second: So long as people continue to be people there will always be some

personality conflicts so that occasionally two capable people cannot seem to work together. One or the other should be transferred.

Third: Regardless of the care used in placing people, some will inevitably get into jobs for which they are not suited. Sympathetic consideration of relocation is required.

The fourth reason for finding jobs for people is perhaps the most important. It involves getting people with potential out of "dead-end streets" and into jobs where they have an opportunity to grow.

All of these are reasons for finding jobs for people. But we must not misunderstand this policy and conclude that those who do not measure up after a fair period of trial should be retained indefinitely. To pursue this policy would be unfair to the individual himself, as well as to our customers and shareholders.

I believe we are now set up to give substantial aid to all managers throughout the Company in either of the placement problems. The central inventory covering managerial and professional personnel that Mr. Powers started in 1952 is now virtually complete and includes complete information on about 6,000 of our salaried people. As you will note in the Exhibit Room, much of the factual information is coded on IBM cards to make it easy to find people with certain qualifications wherever they may be located in the Company.

As you heard this morning, we have now established a Personnel Placement and Development group to act as a

central clearing house for Company-wide placement. Whenever you may have an opening that you can't fill from within your own group I believe you will want to make use of this central clearing house. Also, if you have individuals who need transfer for any one of the reasons that I mentioned we will work with you in making a search for an appropriate opening.

■ LABOR RELATIONS

Next, a brief look at labor relations. We will spend most of tomorrow's sessions on the specifics of the labor relations outlook but there are a few general points upon which I should like to touch.

First, the developments of the past year in the organization of the major chemical unions indicate that we will be faced with an entirely different bargaining approach from the union side of the table in the next two years. I'm sure you are all familiar with three of the major causes of this change: The merger of the CIO Oil Workers and Chemical Workers last year; the anticipated merger of this group with the AFL Chemical Workers late this year or early in 1957; and the formation of Cyanamid-wide Councils or Steering Committees by both of these unions.

I think most of you know that there was another meeting on Cyanamid's labor relations held here in New York just ten days ago. It was a two-day meeting at the Hotel New Yorker of the Cyanamid Steering Committee of the AFL Chemical Workers which brought together the Union Committeemen from many of our plant locations.

I doubt that any of you were there . . . but some of your employees were. It is not unlikely that there were some guests there . . . from the CIO Oil and Chemical Workers. I don't believe I need elaborate on what the subject matter of the meeting might have been.

What do these developments mean to us? I think we will be faced with the following kinds of situations in our 1956 bargaining:

1. There will be one or more high level International representatives assigned full-time to coordinating the negotiation of Cyanamid contracts. It seems likely that we may see the same man in a number of different locations.
2. We will be presented with a series of uniform demands at a number of different locations. The toughest issues will be, not local demands on the individual plant, but International demands on the Company. To be sure, we will still be bargaining at each plant with a local committee but the International influence will be more dominant than in the past.
3. Local committees will be completely informed on the provisions of all Cyanamid contracts. The most liberal clauses on each subject will be cited. The 1956 settlement in any one plant will be known promptly by the committees in most other plants.
4. We will soon find ourselves sitting down with a committee representing between 60% and 70% of our hourly employees to discuss the Pension and Insurance Plans.

How shall we meet these situations?

I would like to list several approaches for our 1956 bargaining which it is essential for us all to understand.

First: We must all keep our thinking flexible so we may adapt our bargaining approach to meet new situations that will arise. We cannot use our 1955 methods in 1956 . . . we can't rely on propellers when the Unions have changed to jets.

Second: We will need much closer central coordination of negotiations than in the past. Otherwise, with unions forming Cyanamid-wide steering committees, we run the risk of knowing less about the over-all pattern of our labor negotiations than the union representatives. There must be prompt and complete communication between each division or plant and our central staff. Each division must keep the central group advised of the progress of every negotiation. And the central staff must keep every division advised of the terms of other Company settlements and the progress of the strategic negotiations. We are setting up a Labor Information Service in our Personnel Research group to assist with this.

Third: We must clear up any indecision as to where the final decision on bargaining issues will be made. Union demands may be divided generally into three categories in terms of their probable influence:

- a. Those which are purely local in nature and will not influence negotiations in any other plant. A change in starting times or a revised shift schedule are examples. Under present conditions, however,

there are very few purely local issues.

- b. Those which *seem* largely local but may influence the demands in another plant. A bidding system, wash-up periods or the amount of clothing issued are examples. These demands should be cleared with the central Labor Relations staff for an evaluation of their possible influence on other negotiations.
- c. Those which will definitely influence other negotiations of the Company. Such issues as pensions, insurance, vacations, holidays, sick leave and many others are in this category. Decisions on this type of demand must be made centrally by top management.

It should be clearly understood, therefore, that any issue which will influence more than one location or division must be decided at a management level which will assure that all aspects are taken into consideration.

Fourth: The decision as to how far the Company will go to avoid a strike at any location must be made by the President, usually after consultation with the General Staff.

■ EMPLOYEE BENEFIT PLANS

Next, I would like to comment briefly on our benefit plans, including Pension, Group Insurance, Major Medical, and related programs.

I think that over the past several years we have all had reason to be proud of our Pension and Insurance Plans. Cyanamid has not only kept pace with industry . . . it has often set the pace.

However, the rapid changes that occur in our social and economic conditions make it necessary to provide for the continuing review of our benefit plans to keep them in step with these changes. Accordingly, we have set up a small group in Personnel Relations to keep us abreast of the times on benefit plans.

In addition to looking over our present program, we have started studies on other types of plans such as: Savings or thrift plans, savings bond campaigns, stock ownership programs and related plans. This does not mean that we are contemplating any additions to our benefits program in the foreseeable future. However, I wanted you to know that we expect to be evaluating these plans on a continuing basis so we may anticipate any needs which may arise.

■ PROFESSIONAL EMPLOYEES

In almost every area of our business . . . whether it be sales, research, manufacturing, accounting or public relations . . . an increasing number of our people are working as *individual professional specialists* — as scientists, statisticians, lawyers, writers, physicians, economists, teachers and in many other fields.

We have gotten so used to talking about "management and labor" that we tend to forget there is another distinct kind of work . . . that of the specialist or professional man. His work, and the way he does it, is certainly not what we mean by the term "labor." Neither is it what we generally understand when we say "manager."

The professional employee is a worker; but, to a large extent, he determines his

own methods of working and sets his own standards. He needs the managerial outlook; yet his primary function is not to manage. His is a distinct type of contribution to the Company, requiring creative imagination, technical mastery, and professional competence in a specialized field.

If I interpret the trends correctly, the individual professional specialist in Cyanamid will continue to increase, both in numbers and in importance. I know that some of you have been studying this matter and I think we should move ahead and learn more about these valuable groups and how their work should be organized for greatest effectiveness.

First, we must recognize the distinct nature of the professional employee and find out how to integrate his work into the organization more effectively.

Next, we must see that he receives the kind of rewards in dignity, appreciation, and compensation that will give him a satisfying and creative career in his field of competence. We must recognize that a man can make fully as great a contribution in the role of a professional specialist as he can in the role of a manager.

It would be disastrous if our employees were to receive the impression that the only way to a satisfying career, with high rewards, is through the ranks of management. We must build upon the rock of outstanding competence in all specialties. There must be twofold opportunities for advancement . . . into managerial jobs and into professional jobs.

■ COMPENSATION OF PERSONNEL

Next, the compensation of our people. I will not dwell on hourly rates which are usually established by collective bargaining. And most of our non-exempt salaried employees are working on jobs that have been classified by some formal method of job evaluation. We know that we can improve our policies and methods in this area and we shall continue our work to this end.

But our most urgent problem is to develop Company-wide guidelines for the compensation of our managerial and professional people.

I have found wide diversity of practice among our divisions and staff departments. We need to think through and resolve for the Company such matters as authority for approvals, merit increases, and the adjustment of salary levels to meet changes in the economy. We need to relate our compensation practices to the career and development needs of our managers and professional people. We need the tools that will enable our managers to administer salaries on a decentralized basis, and at the same time to compare what is being done in different divisions.

We are going to take the first and longest step towards this goal in 1956. You will hear about our plan in more detail on Thursday morning. But for now . . . we are going to ask our divisional executives to take part in a pilot study with the help and coordination of a small study team working out of the central Personnel Relations Department. As a result of this study we expect to:

1. Work out methods by which mana-

gerial and professional jobs in all parts of the Company can be compared with each other and develop a "model" structure of relationships among typical jobs at all levels.

2. Recommend salary schedules for the above with methods and policies for revision of the basic schedules, merit increases, and the like.
3. Build the procedures and working tools by which salaries can be administered on a continuing basis.

This will take time, but we will put it high on the priority list and get on with the job with all the speed that thoroughness permits.

The things I have discussed are problems that challenge us all. To meet these challenges, it will help to bear in mind that the *real* assets of American Cyanamid Company do not appear only on the balance sheet.

Our real assets are also the human mind and the human heart . . . which it is our job to translate into the vast power of imagination, knowledge and dedication.

This, gentlemen, is our responsibility. *There can be no bigger one.*

